



# RULE-MAKING ORDER

**CR-103 (June 2004)**  
(Implements RCW 34.05.360)

Agency: Office of Insurance Commissioner

☒ Permanent Rule  
☐ Emergency Rule

**Effective date of rule:**

**Permanent Rules**

☒ 31 days after filing.  
☐ Other (specify) \_\_\_\_\_ (If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

**Effective date of rule:**

**Emergency Rules**

☐ Immediately upon filing.  
☐ Later (specify) \_\_\_\_\_

**Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?**

☐ Yes ☒ No If Yes, explain:

**Purpose:** WAC 284-24-120 exempts large risks from rate filing requirements. WAC 284-20-150 will exempt large risks from form filing requirements, so large risks can negotiate both price and coverage terms with admitted insurers.

Insurance Commissioner Matter No. R 2005-03

**Citation of existing rules affected by this order:**

Repealed:  
Amended:  
Suspended:

**Statutory authority for adoption:** RCW 48.02.060, 48.18.100(6) and 48.18.103(3).

**Other authority :** None.

**PERMANENT RULE ONLY (Including Expedited Rule Making)**

Adopted under notice filed as WSR 06-01-099 on 12/21/2005 (date).

Describe any changes other than editing from proposed to adopted version: WAC 284-20-150 (7)(c): The exception in subsection (7)(c) was changed following enactment of SHB 2553 (2005) to include a more general description of the exception than the earlier version; that version excluded only "motor vehicle service contract reimbursement insurance, as defined in RCW 48.96.010(4)." This change to the proposed exception for "reimbursement insurance policies" should enable effectuation of future laws that require such policies without requiring further amendments to this subsection.

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting:

Name: \_\_\_\_\_ phone \_\_\_\_\_  
Address \_\_\_\_\_ fax \_\_\_\_\_  
e-mail \_\_\_\_\_

**EMERGENCY RULE ONLY**

Under RCW 34.05.350 the agency for good cause finds:

- ☐ That immediate adoption, amendment, or repeal of a rule is necessary for the preservation of the public health, safety, or general welfare, and that observing the time requirements of notice and opportunity to comment upon adoption of a permanent rule would be contrary to the public interest.
- ☐ That state or federal law or federal rule or a federal deadline for state receipt of federal funds requires immediate adoption of a rule.

Reasons for this finding:

**Date adopted:** March 13, 2006

**NAME (TYPE OR PRINT)**

Mike Kreidler

**SIGNATURE**

**TITLE**

Insurance Commissioner

**CODE REVISER USE ONLY**

Information input by Agency

**CODE REVISER'S OFFICE  
STATE OF WASHINGTON  
FILED**

**MAR 15 2006**

**TIME 3:30 PM  
WSR 06-07-098**

(COMPLETE REVERSE SIDE)

**Note: If any category is left blank, it will be calculated as zero.  
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.  
A section may be counted in more than one category.**

**The number of sections adopted in order to comply with:**

<b>Federal statute:</b>	New	_____	Amended	_____	Repealed	_____
<b>Federal rules or standards:</b>	New	_____	Amended	_____	Repealed	_____
<b>Recently enacted state statutes:</b>	New	_____	Amended	_____	Repealed	_____

**The number of sections adopted at the request of a nongovernmental entity:**

New	_____	Amended	_____	Repealed	_____
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**The number of sections adopted in the agency's own initiative:**

New	<u>1</u>	Amended	_____	Repealed	_____
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**The number of sections adopted in order to clarify, streamline, or reform agency procedures:**

New	_____	Amended	_____	Repealed	_____
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**The number of sections adopted using:**

<b>Negotiated rule making:</b>	New	_____	Amended	_____	Repealed	_____
<b>Pilot rule making:</b>	New	_____	Amended	_____	Repealed	_____
<b>Other alternative rule making:</b>	New	<u>1</u>	Amended	_____	Repealed	_____

NEW SECTION

**WAC 284-20-150 Rules that exempt certain commercial property casualty forms from filing requirements.** (1) For purposes of this rule, "large commercial property casualty account" means insurance coverage that:

(a) Involves the lines of property and casualty insurance defined in RCW 48.11.040, 48.11.050, 48.11.060, 48.11.070, and/or 48.11.080; and

(b) Is purchased by a business, not-for-profit organization, or public entity with enough insurance buying experience to negotiate with insurers in a largely unregulated environment and that meets any two of the following criteria:

(i) Annual premiums of one hundred thousand dollars or more, excluding workers compensation insurance issued by the department of labor and industries and types of insurance listed in subsection (7) of this section;

(ii) Net revenues or sales in excess of one hundred million dollars;

(iii) More than two hundred employees;

(iv) Net worth over fifty million dollars;

(v) Is a not-for-profit organization or public entity with an annual budget or assets of at least forty-five million dollars;

(vi) Is a municipality with a population over fifty thousand.

(2) This rule exempts forms issued to insure a large commercial property casualty account from the filing requirement of chapter 48.18 RCW, as permitted under RCW 48.18.103(3).

(3) Each insurer or its agent must notify the insured in writing that the policy forms are not filed with or approved by the commissioner before the insurer issues an insurance policy under this rule.

(4) The Washington Insurance Examining Bureau will not audit property forms used to insure large commercial property casualty accounts under WAC 284-20-006.

(5) If grounds exist under RCW 48.18.110(1), the commissioner may subsequently disapprove any form used to insure a large commercial property casualty account. If the form is disapproved under RCW 48.18.110(1), the insurer must construe the form as if it fully complied with the requirements of RCW 48.18.510.

(6) Each insurer must keep copies of policy forms used to insure large commercial property casualty accounts for at least six years from the date each policy is issued under this section. These records must be made available to the commissioner upon request.

(7) Subsection (2) of this section does not apply to:

(a) Professional liability insurance, including medical malpractice insurance;

(b) Directors' and officers' liability insurance purchased by individuals;

(c) Reimbursement insurance policies that reimburse service contract providers or protection product guarantee providers for contractual obligations assumed under a service contract or protection product guarantee; and

(d) Master policies under which certificates of coverage are issued to individual consumers, households, businesses, or other organizations.